



*The GLO-CDR Implementation Manual provides guidance for CDBG-DR and CDBG-MIT subrecipients and should not be construed as exhaustive instructions.*

# CHAPTER 14—MONITORING & QUALITY ASSURANCE

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## **CHAPTER 14—MONITORING AND QUALITY ASSURANCE**

### **14.1 Introduction**

#### **Monitoring and Quality Assurance Review**

This chapter provides guidance on the monitoring review process conducted by the GLO-CDR Monitoring and Quality Assurance (“M&QA”) team. The GLO-CDR ensures program compliance based on a risk analysis. In addition to the day-to-day oversight activities and review of information submitted, GLO-CDR staff schedule topic-specific reviews both via desk review and in the field. The results of these reviews are documented in written reports detailing the specifics of that review and any corrective actions deemed necessary.

Throughout the life of any CDBG-DR and/or CDBG-MIT grant, the M&QA team will conduct monitoring efforts of subrecipient and related contractors by reviewing internal processes to ensure compliance with federal regulations, to prevent fraud, waste, and abuse, and to identify places of improvement.

The primary focus of this chapter includes the quality assurance program, monitoring review types and methods, results of monitoring reviews, and non-compliance and administrative procedures.

#### **GLO-CDR Monitoring and Quality Assurance Section**

GLO-CDR strives to ensure CDR Disaster Recovery programs, subrecipient, and vendors meet all federal, state, and other legal program requirements.

Monitoring review activities are conducted to ensure compliance with the following objectives:

- **Review Subrecipient Agreement compliance.** A subrecipient or contracted vendor will be monitored to ensure all funded activities are eligible; beneficiaries served are accountable; and, funds have been expended in accordance with GLO-CDR, state and federal requirements, as outlined in the Subrecipient Agreement. Compliance area reviewed by M&QA include financial management, advance payment, force account labor, acquisition, equipment, procurement, environmental approvals, and labor standards.
- **Procedures to detect fraud, waste, and abuse.** A subrecipient or contracted vendor’s processes or systems and other policies and procedures used to administer GLO CDBG-DR and/or CDBG-MIT funds will be monitored for adequate protections against fraud, waste, and abuse.
- **Identify any necessary corrective actions.** A review could result in prescribed corrective measures to be carried out by the subrecipient or contracted vendors up to and including repayment.
- **Identify technical assistance needs.** A review may reveal a need for additional technical assistance. Repeated unsatisfactory performance and/or delays in submitting responses to monitoring reports may affect a subrecipient or contracted vendors eligibility to apply for future CDBG-DR or CDBG-MIT funding or receive funds under current grants.



## **14.2 Monitor Review Types**

The M&QA team performs desk or on-site monitoring reviews.

### **14.2.1 Desk Review**

A desk review requires subrecipient or contracted vendors to provide requested documentation so the M&QA team can sufficiently review selected project(s) or activities and the related compliance area(s) via electronic means. A desk review is generally conducted in the following situations:

- The size, scope, or complexity of the review allows a desk review;
- An interim review or a complaint is received and warrants a desk review; or
- The subrecipient or contracted vendor requests a desk review and this request is approved by GLO-CDR management.

### **14.2.2 On-site Review**

An on-site review requires subrecipient or contracted vendors to provide previously requested documentation so the M&QA team can sufficiently review selected project(s) or activities and the related compliance area(s) during a scheduled visit at the subrecipient location. An on-site review is generally conducted in the following situations:

- The size, scope, or complexity of the review would benefit from an on-site review;
- An interim on-site review or a complaint is received that warrants an on-site review; or
- The subrecipient or contracted vendor requests an on-site review and the request is approved by GLO-CDR management.

## **14.3 General Monitoring Methodology**

Prior to a monitoring review, written notification will be provided to the subrecipient or the contracted vendor of the type of review that will be conducted. Selected compliance areas, projects or activities, and duration of the visit are examples of information that will be provided in the notification letter.

The following steps are integral to conducting a monitoring review:

- Conducting an entrance conference with the appropriate representatives to explain the purpose of review;
- Applying the applicable requirements through documented workpapers;
- Reviewing the applicable files;
- Interviewing members of staff, engineers, and/or consultants, as appropriate to discuss project related issues;



- Conducting an exit conference with the appropriate representatives to present the preliminary conclusions identified during the review; and
- Issuing a formal written report summarizing the conclusions of the review.

GLO-CDR retains the right to modify the monitoring procedures and monitoring tools as deemed necessary.

## **14.4 Results of the Monitoring Review**

### **14.4.1 Decision Categories**

One or more conclusions may result from a monitoring review that may indicate the following:

- The performance complied with the requirements of the GLO-CDR program;
- Findings that require corrective actions by the subrecipient;
- Concerns about the performance of the projects or activities;
- Observations for efficiencies or items of note; and/or
- Technical assistance is necessary.

The terms above are defined by HUD as follows:

- A “finding” is an issue of statutory or regulatory noncompliance that must be addressed immediately.
- A “concern” is an issue that is not an instance of statutory or regulatory noncompliance but may result in noncompliance if they are not addressed.
- An “observation” is a comment about an area where the funded entity can improve program performance or recognize exceptional success and best practices.

### **14.4.2 Non-Compliance Procedures**

The results of the monitoring review may require corrective action by the subrecipient or contracted vendor. A monitoring report will be issued which outlines the findings, concerns, and/or observations and identifies corrective actions to be carried out to remedy identified deficiencies.

If corrective actions are identified, the subrecipient or contracted vendor must respond to GLO-CDR by the date indicated on the report. Issues identified in the report must be resolved prior to the close-out of the subrecipient or vendor contract. A clearance monitoring letter will be issued to the subrecipient or contracted vendor stating that corrective actions address the issues noted within the monitoring report.



Depending on the severity of the issues identified in the report, corrective actions may include remedies for non-compliance that may include, but are not limited to, the following:

- Temporary withholding of cash payments until correction of the deficiency;
- Disallowed cost recovery;
- Wholly or partly suspend the Subrecipient Agreement;
- Initiate suspension or debarment proceedings;
- Withhold further Subrecipient Agreements; and
- Other legal remedies as available.

#### **14.4.3 Compliance Procedures**

The results of the monitoring review may indicate reasonable assurance that the scope under review complied with the terms and conditions of the program and Subrecipient Agreement requirements. In these instances, the non-compliance activities of section 14.4.2 are not required.

#### **14.4.4 Pass-through Requirements**

Subrecipients that utilize third-party vendors for either the administration of their CDBG funds or pass-through funds, remain accountable for the administration and monitoring of those funds. There is no provision in the law or the regulations governing the CDBG program that would permit subrecipient to give up this responsibility. Therefore, mechanisms should be in place to reasonably assure compliance by the subrecipient with all program requirements.

#### **14.4.5 Training Resources**

In order to provide the information and resources both subrecipient and GLO Grant Managers need to successfully implement and manage CDBG-DR and/or CDBG-MIT funded projects and programs, the GLO-CDR offers and participates in various training opportunities. The GLO's Training Plan outlines the process by which training needs are identified and the manner in which they will be implemented. The GLO-CDR has also developed a number of topic-specific resources and offers Web links to relevant federal resource documents. These training tools and resources are available through the GLO website. Links to the GLO-CDR Training Plan and to additional training resources can be found in [Resources](#)—Resource 14.1 at the end of this chapter. HUD provides guidance on monitoring CPD programs in the CPD Monitoring Handbook (see [Resources](#)—Resource 14.2).



## 14.5 Resources

The GLO-CDR has created a comprehensive website which contains necessary forms, checklists, detailed guidance documents, and additional resources to supplement this Implementation Manual. Please see [www.recovery.texas.gov](http://www.recovery.texas.gov) for more information. The following resources are referenced within this chapter and will be updated as new forms and documents are developed.

Resource Number	Topic
Resource 14.1	<a href="#">GLO-CDR Training Plan and Training Page</a>
Resource 14.2	<a href="#">CPD Monitoring Handbook (6509.2)</a>

**Note:** Individuals have reported a better experience when using *Internet Explorer or Safari* to view files.

Please direct all questions regarding your specific program or project to your assigned GLO Grant Manager. Send comments related to the GLO-CDR Implementation Manual to [ImplementationManual.glo@recovery.texas.gov](mailto:ImplementationManual.glo@recovery.texas.gov).